

Specialty hospital study

ISSUE: In the MMA, the Congress required MedPAC to conduct a study of physician-owned specialty hospitals and submit a report by March 8, 2005, including any recommendations for legislation or administrative action.

KEY POINTS:

The MMA requires that MedPAC report on five issues related to physician-owned specialty hospitals:

- their mix of payers
- their costs relative to full-service community hospitals
- whether they treat patients in certain diagnosis-related groups (DRGs)
- whether the DRG payment system should be updated to better reflect the cost of care
- the financial impact of specialty hospitals on community hospitals.

At this meeting, we plan to present the first part of our analysis:

- preliminary data on the payer mix of specialty hospitals
- an overview of Federal laws governing physician investment in health care facilities
- preliminary description of specialty hospitals and the markets where they locate
- findings from our site visits to three markets with specialty hospitals

ACTION: We would appreciate feedback from the Commissioners on our initial findings.

STAFF CONTACT: Jeff Stensland (202-220-3726), Ariel Winter (202-220-3755) and Carol Carter (773-702-1324).